

ATM, DEBIT AND CREDIT CARDS

BE CAREFUL ABOUT GIVING YOUR CREDIT CARD NUMBER OVER THE PHONE

There are several ways an unauthorized user can gain access to your credit card number or ATM (Automated Teller Machine) number. A thief can steal your credit cards or a counterfeiter can find your account number on a credit card carbon. A counterfeiter can also learn your credit card number directly from you. For example, a telemarketer may call you offering a prize and requesting your

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are quickly replacing cash as the easiest way to make purchases. They allow consumers instant buying power. While these methods of payment are quick and easy, there are risks involved should a thief obtain a consumer's account number or other personal information. There are ways that you can protect your money and your credit record meet the needs of the entire agency.

credit card number to "verify your eligibility." This type of contest may be merely a ploy to obtain the number. Legitimate contests do not require your credit card number. Always ask the telemarketer to send you notification in writing that you have won. In general, you should only give your credit card number when you have placed the call yourself.

WATCH THOSE DUPLICATE COPIES

A thief can also get your credit card information from purchase receipts and carbon copies that show the full credit card number. This form of counterfeiting is safer for the thief than using stolen cards. Since you haven't reported the card stolen, the number won't show up on any hot sheets. Also, the thief can create supporting identification to go along with a stolen number.

LIABILITY FOR UNAUTHORIZED CHARGES - CREDIT CARDS

Federal Reserve regulations protect you from unlimited liability if someone uses your credit card without permission. You are not liable for any charges made after you notify your bank or credit card company that your card was lost or stolen. If charges are made before you give notice, you are only liable for \$50 of those charges. Because many people have more than one card, however, even the \$50 limit can result in significant losses if you don't promptly give notice of theft or loss. If you have a dispute with your credit card company about liability for unauthorized charges, remember that under federal law, the company has the burden of proving that you authorized the charges or that any unauthorized charges were made before you gave notice.

These rules are the same when the credit card is an employee credit card, issued under an agreement between your employer and the credit card company. Your employer may be able to agree to different rules for itself, but the credit card company cannot



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

apply those different rules to you.

LIABILITY FOR UNAUTHORIZED CHARGES - ATM AND DEBIT CARDS

The regulations that protect you from fraudulent use of ATM and debit cards are not quite as generous. As with credit cards, you are not liable for any charges made after you report the loss or theft of your card. However, the notice requirements are more strict. You are only protected by the \$50 limit on unauthorized charges if you report the loss of the ATM card within two business days after the day you learn of the loss or theft. If you wait longer than two business days, you can be liable for up to \$500 in charges. Once an unauthorized charge has been reported to you on your bank statement, you can be liable for the full amount if you do not report the charge within 60 days of the date the statement was sent to you.

CREDIT CARD "CHARGE-BACKS"

If you have a dispute with a merchant about a transaction in which you paid with a credit card (but not a debit card), you may have a right to what is commonly called a "charge-back" from the credit card company. Under federal law, a credit card company is liable to the same extent as the merchant for claims arising out of credit card purchases if:

- 1) You have made a good-faith attempt to resolve the dispute with the merchant;
- 2) The amount of the transaction exceeds \$50 and
- 3) The transaction occurred within the same state as you billing address or within 100 miles of your billing address. This generally will include mail or telephone purchases made from your home or business.

You should be aware that this charge-back right is limited to amounts that you have not paid when you give the credit card company notice of the dispute. This means that if you have paid the charge in full, you can not recover any portion of the charge from the credit card company. In order to pre-serve your charge back rights, you must deduct the amount attributable to the disputed transaction from any credit card payments you make. You should also be aware that you are not automatically entitled to a charge-back every time you

have a dispute with a merchant. Federal law puts the credit card company in the merchant's shoes. If the merchant has a defense against your claim, then so does the credit card company. Typically, most credit card companies review each charge-back claim on an individual basis. They will only issue a charge-back if they believe that your claim has merit and the merchant does not offer a defense. If you disagree with the credit card company's decision, you can take the credit card company to court just as you could the merchant.

There is one last twist to the charge-back option. The requirement that the transaction be for at least \$50 and that it be in your home state or within 100 miles of your billing address does not apply if:

- The merchant is the credit card company itself, an affiliate or subsidiary of the credit card company, a franchised dealer of the credit card company's products or services; or
- The transaction was the result of a mail solicitation in which the credit card company participated and in which you were solicited to use the company's credit card for the transaction. In these cases, you can seek a charge-back regardless of the amount or location of the transaction.

PROTECT YOURSELF

Your best protection is to keep unauthorized people from handling your credit cards or learning your account numbers. Here are some tips to follow:

- Read your monthly bill and bank statement carefully. By doing so you can tell as soon as possible if someone is making unauthorized charges. This is particularly important with ATM cards, because you may be liable for all charges if you do not report the loss quickly.
- Watch every transaction. Make sure that the sales clerk does not make two slips with your card; a slip imprinted with your account number is like a blank check.
- Get your card back immediately.
- Never sign an incomplete receipt.
- Treat your cards as carefully as you treat cash.
- Make a list of your cards, account numbers and phone numbers of the card companies. Keep this in a safe place, separate from your cards, and update it regularly. If your purse or wallet is stolen, the sooner you notify all the banks and companies, the better.

- Keep your account numbers confidential. Do not give them to telephone solicitors, do not write them on envelopes even if there is a space for them and do not make them available to unauthorized persons in any way.
- Tear up your carbons. Carbons that separate from sales receipts contain all the information on your card.
- Never give the "Personal Identification Number" (PIN) for your ATM card to anyone.
- Do not write the PIN number on the card or keep it with the card. It's like giving the thief a blank, signed check.

CONTACT INFORMATION

BY US MAIL

Office of the Attorney General
Consumer Protection Division/010
P. O. Box 12548
Austin, Texas 78711-2548

ON THE INTERNET

www.oag.state.tx.us

BY TELEPHONE

Main agency switchboard
(512) 463-2100
Consumer Protection Division
1-800-621-0508 or
Regional Offices
Austin • 512-463-2070
Dallas • 214-969-5310
El Paso • 915-834-5800
Houston • 713-223-5886
Lubbock • 806-747-5238
McAllen • 956-682-4547
San Antonio • 210-224-1007

PUBLIC INFORMATION & ASSISTANCE

(512) 463-2007
(800) 252-8011